

[By Wilson Ring](#)

Allowing the interest rate to double on a popular federally subsidized student loan would make it more difficult for college students to pay for their educations, but there is still time for Congress to prevent the increase from taking effect, U.S. Rep. Peter Welch said Monday.

Welch, a Vermont Democrat, said he's hopeful Congress will put aside partisan differences and vote to keep interest on the federal direct Stafford student loans at 3.4 percent rather than allowing it to double July 1 to 6.8 percent on new loans.

Over a typical 20-year repayment of the maximum Stafford loan, the higher interest rate would increase the borrowing cost by \$11,000, Welch said during a news conference at the Burlington International Airport just before boarding a flight back to Washington.

"This question of student loans and access to higher education is fundamentally important. It's ground zero for the middle class," Welch said. "Are children of middle class families going to have a shot at an education they can afford or are they going to graduate with a financial albatross around their neck?"

Welch was joined at the news conference by Don Vickers, the head of the Vermont Student Assistance Corp., two college students and a parent.

"We see students, former students, struggling with their loan debt every day," said Vickers.

If implemented, the 6.8 percent rate would return to the rate charged before 2008. In 2007, the Democrat-controlled Congress passed legislation that gradually lowered the rate to the 3.4 percent charged this school year.

Rep. John Kline, R-Minn., chairman of the House Education and the Workforce Committee, has called the looming hike the "result of a ticking time bomb set by Democrats five years ago" and that "simply calling for more of the same is a disservice to students and taxpayers." Kline's office estimates that the annual cost to keep the rate low is about \$6 billion annually, although some Democrats estimate the cost at about \$4 billion.

Total student loan debt in the United States now totals about \$850 billion, surpassing credit card and auto loan debt. Nearly 70 percent of Vermont college graduates leave school with an average of \$30,000 in debt, making Vermont graduates the sixth most indebted in the nation, officials said.

Welch said keeping the interest rate low should not be a partisan issue.

"It's caught up in the toxic budget politics," Welch said. "We all have kids, Republicans and Democrats, who want to make their way."

Both of the students who appeared at Monday's news conference said that increasing the costs of student loans scares them.

"Looking at higher education into graduate school, it really scares me to think about all the loans I already have now and then to stack other loans on top of that later on for my higher education," said University of Vermont junior Cody Paiva, of West Topsham, a microbiology student. "I don't feel like it's fair for students who are already struggling financially to have to take out more money to pay more interest than they need to just to get a higher education."